CLOSING MANAGEMENT & BOARD MEETINGS POLICY

OVERVIEW

Examiners will conduct:

A meeting with senior management at the close of any on-site review

A subsequent meeting with the board of directors/trustees before the close of each compliance/CRA examination when significant problems have been identified during the examination

During concurrent examinations with the Division of Supervision (DOS), closing management and board meetings must be coordinated with DOS examiners. Presentations to the board should be planned for regularly scheduled meetings, whenever possible. Requests from management, such as for separate meetings, should be considered and reasonably accommodated.

Open communication should be maintained with management during the course of the examination or review. To the extent possible, all issues of concern should be discussed with management as they arise.

Policy Objective(s)

The objectives of this policy are to:

Promote clear communication between the Examiner-in-Charge, management, and the board of directors/trustees

Ensure a thorough understanding of the issues resulting from the examination by all parties

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CLOSING MANAGEMENT MEETING

A closing meeting must be held with senior management at the conclusion of any on-site compliance/CRA examination or review.

An on-site review includes:

Fair Lending or other consumer complaint investigations

Visitations

Other special reviews

Attendance by financial institution representatives, other than management, is at the discretion of senior management. These may include: consultants, counsel, accountants, holding company officers, directors, and employees who work directly with consumer protection laws or CRA. When practical, at least two FDIC representatives should be present at the closing meeting.

Purpose

The closing meeting should be used to:

Summarize examination or review findings

All critical issues should be discussed. If significant issues arise subsequently, these should be discussed with senior management either in person or by telephone.

If senior management presents significant new information at the closing management meeting, additional review by the examiner may be required. In such instances, the examination process should be left open for further review of applicable regulatory issues, the institution's records, and a possible second meeting with management.

Discuss, when appropriate, positive findings to reinforce the institution's compliance/CRA efforts

Provide recommendations to address identified weaknesses or deficiencies

Obtain management's response(s) and commitment(s) for corrective action

Advise management of recommended composite compliance and CRA ratings, as well as any recommendations for formal or informal enforcement actions and civil money penalties

CLOSING MANAGEMENT MEETING (cont'd)

Management must be informed that examination findings, including compliance/CRA ratings, are not final until the Regional Office review and the Washington Office review, if appropriate, are completed. The Regional Office must approve any enforcement action recommended by the examiner.

The closing management meeting must include discussion of both Compliance and CRA issues. Separate closing meetings for Compliance and CRA may be appropriate and practical when different personnel are involved in each area.

Preparation

Preparation for the closing meeting includes:

Scheduling the meeting

The closing meeting should be held at the conclusion of the examination or review.

Identifying the attendees

Attendees should include:

- -- Two FDIC representatives, where practical
- -- Other persons, such as outside consultants, attorneys, accountants, holding company officials, directors/trustees, etc., at management's or the Corporation's request
- -- Key employees (such as the Compliance Officer) who are directly involved with consumer protection/CRA matters

Preparing an agenda

A written agenda should be prepared for the meeting. The agenda should:

- -- Indicate the order of the meeting based on the significance of pertinent discussion items
- -- Include a tentative listing of violations

If the abbreviated Summary Compliance Report of Examination Format is used, the examiner should prepare the Summary of Violations page(s) to discuss and to have acknowledged by management.

CLOSING MANAGEMENT MEETING (cont'd)

Refer to Summary Compliance Report of Examination Format, Transmittal No. DCA-96-007, dated 1/19/96, for more information.

The Examiner-in-Charge should advise management that the violations listing is subject to Regional Office review.

Preparation (cont'd)

The agenda and either the tentative violations listing or the Summary of Violations page(s) must be placed in the examination workpapers.

Management should be informed that a subsequent meeting may be necessary if significant problems or concerns are identified by Regional Office.

NOTE: This will only be in rare circumstances when the examiner determines there are issues needing further Regional Office review.

MEETING WITH BOARD

Purpose

The purpose of a meeting with the board is to convey the pertinent findings of the examination directly to persons ultimately responsible for the operating policies and procedures of the institution.

A meeting should be held at the conclusion of an examination (after the closing meeting with management) with the board of directors/trustees, attended by at least a quorum, when the following circumstances are present:

Problems of a significant nature are identified which require consultation with the Regional Office

Refer to Formal Consultation Policy Memorandum, Transmittal #DCA-96-002, dated 1/19/96, for more information.

An informal or formal enforcement action is recommended

Proposed composite compliance rating is "3," "4," or "5"

Proposed composite CRA rating or state or multi-state rating is "Needs to Improve" or "Substantial Noncompliance"

Bank management requests such a meeting

A board meeting is *not* required for:

Visitations

Consumer complaint investigations

Other on-site reviews

MEETING WITH BOARD (cont'd)

Findings of an insignificant nature

The board meeting should be used to:

Purpose (cont'd)

Discuss examination findings

Advise the board of recommended composite compliance and CRA ratings

Advise the board of any recommended formal or informal enforcement actions

Preparation

Preparation for the board meeting includes:

Scheduling the meeting

If "significant" issues are present, follow the requirements of DCA's Formal Consultation Policy, Transmittal #DCA-96-002, dated 1/31/96, before scheduling the meeting with the board.

Presenting examination findings

Under special circumstances, the board meeting may be held after the report is forwarded to the Regional Office. If this occurs, the Examiner-in-Charge should prepare a memorandum to the Regional Manager summarizing the pertinent issues from the board discussion for inclusion on the Examiner's Comments and Conclusions page of the report.

Identifying the attendees

Attendees should include:

- -- Quorum of the board
- -- The FDIC Examiner-in-Charge, the Field Office Supervisor, and/or senior member of the Regional Office staff

MEETING WITH BOARD (cont'd) Preparing an agenda

Preparation (cont'd)

A written agenda must be prepared for the board meeting. The agenda should indicate the order of the meeting based on the significance of pertinent discussion items.

A copy of the agenda must be placed in the workpapers.



FDIC LAW, REGULATIONS , & RELATED ACTS	
Applicable Rules	None
Advisory Opinions	None
Statements of Policy	None
DCA MEMORANDA	Closing Management and Board Meetings Policy, Transmittal No. DCA-96-009, dated 1/31/96 Formal Consultation Policy, Transmittal #DCA-96-002, dated 1/19/96
	Summary Compliance Report of Examination Format, Transmittal No. DCA-96-007, dated 1/19/96
FINANCIAL INSTITUTION LETTERS (FIL)	None